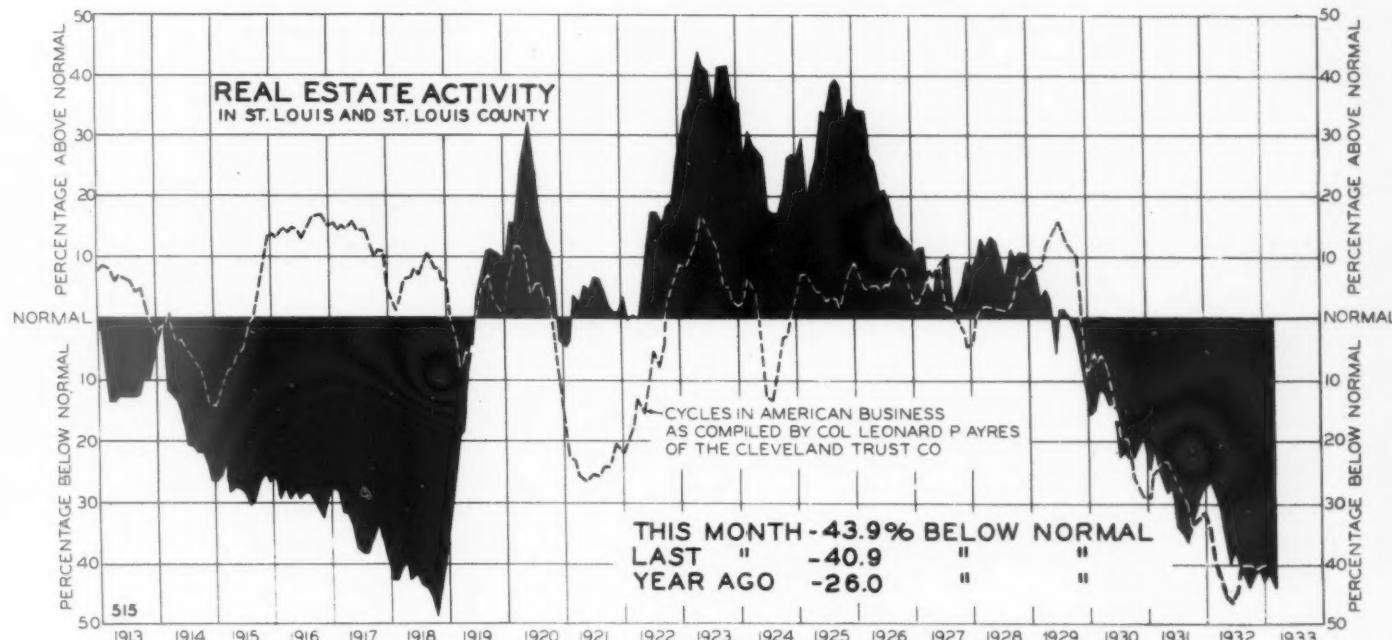




The Real Estate ANALYST

SAINT LOUIS EDITION

MASTER COPY



DURING the past twelve months, the Real Estate Analyst has consistently refused to be stampeded into an optimistic position. It has been criticized for the pessimism of its forecasts. It has constantly felt that conditions must get worse before they could get better. It does not yet believe that conditions are ripe for a recovery of real estate but the severity of the present crisis will force monetary legislation, either wise or unwise, which may bring material changes in the next few months.

We are optimistic, however, in our firm belief that the time is coming when obligations secured by real estate will again take their place as the most stable investments obtainable. Our confidence in the future has not been shaken by technocratic prophecies of doom. The skies have been dark before. In 1821, toward the close of a depression almost as severe as this, foreclosures in Missouri reached such heights that the legislature passed laws granting, under certain conditions, moratoria of two and a half years. In 1837, in another great depression, the Mayor of New York wrote, "God help the owners of real estate". In 1857, real estate passed through trying times and again in '78, '98 and 1918. It seems to us that Pollyanna optimism, predicting the dawn by misreading the clock, is of little value. Confidence in the inevitability of the dawn and courage through the night is of far greater importance.

THE MONTH'S CHANGES AT A GLANCE

ACTIVITY	FORECLOSURES	CONSTRUCTION	APART. RENT	OTHER RENT	MARRIAGES
DEC. JAN. FEB.					
▲ ▲ ▲	▲ ▲ ▲	▲ ▲ ▲	▲ ▲ ▲	▲ ▲ ▲	▲ ▲ ▲

VARIATIONS IN CONSTRUCTION COST OF A FIVE-ROOM BRICK BUNGALOW

WE have had numerous requests from clients for a continuation of the studies on the Saint Louis construction cost of various types of buildings. On the page opposite is shown the picture and floor plans of a bungalow which has proven quite popular in Saint Louis in the past few years. This bungalow is of the very best construction, as can be seen from the general specifications below.

The general specifications of this bungalow are as follows: CUBIC CONTENT - 26,837 cubic feet; FOUNDATION - stone; EXTERIOR WALLS - 13" variegated matt brick with stone trim, backed by 5 x 8 x 12 tile; IRON WORK - I beam and posts; ROOF-front, tile - rear, composition shingle; SHEET METAL WORK and FLASHING - sixteen ounce copper; SASH - wood; DOORS - exterior, 1-3/4" - interior, 1-3/4" one-panel; SCREENS - copper; INTERIOR WALLS, with the exception of the bath and kitchen - tinted art plaster; BATH - vitrolite wainscoting, recessed tub and shower, pedestal lavatory, built-in medicine cabinet with venetian mirror; KITCHEN - vitrolite wainscoting, built-in cabinets, 60" one-piece double drainboard sink and built-in ironing board; LIVING ROOM - has a large stone fireplace; FLOORS - 7/8" hardwood; ELECTRIC WIRING - BX and conduit; ELECTRIC FIXTURES - first class; HEATING PLANT - good grade hot water; ATTIC - reached by stairway; suitable for additional room, but unfinished.

A number of problems arose in connection with the construction cost.

I. Over a period of time, certain changes must be made in the specifications because of changes in materials available and general building practices. In this particular house, in 1900 it would have been necessary to figure combination fixtures for gas and electric lights, the cost of gas piping, ordinary floors throughout, slate roof, stock brick on the front of the house only, salmon backing brick in place of backing tile. The bathroom now presents a totally different appearance than it would in 1900. Within the past year a change in the electrical code has made it necessary to substitute conduit and BX for an ordinary knob and tube job. All changes have had their effect on prices, both of material and labor.

II. As most of the residences of this type being built today are being built "open shop" it was felt that labor costs should be computed on what is actually being paid rather than on some "scale" which, in periods of depression at least, has only a theoretical importance. This complicated the problem tremendously as the "scale" is a matter of record, while non-union rates are not. Tradesmen, contractors and labor agents were consulted in an effort to ascertain divergence from "scale wages" at different periods. The rates used for each year, we believe, come very close to those actually paid. Consideration was also given to the variation in efficiency of labor at different times. During the height of the boom, efficiency per man decreased considerably.

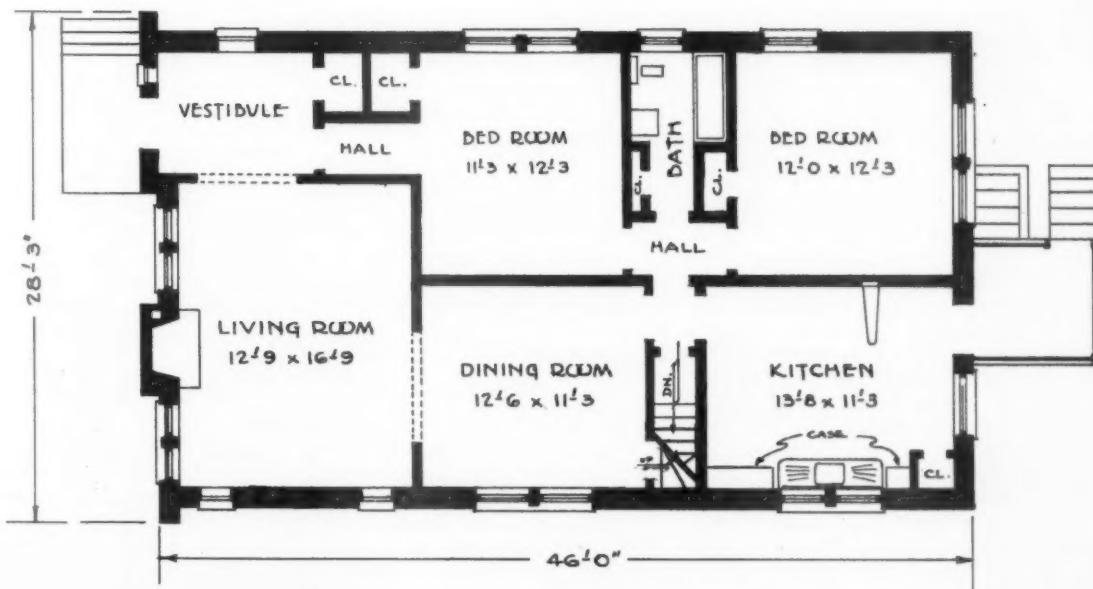
III. The question of profit has been attacked by trying to determine actual profits from contractors on various residences. This has been difficult, as comparatively few had records so complete that reliable results could be obtained. The figures we have used represent our opinions after numerous interviews.

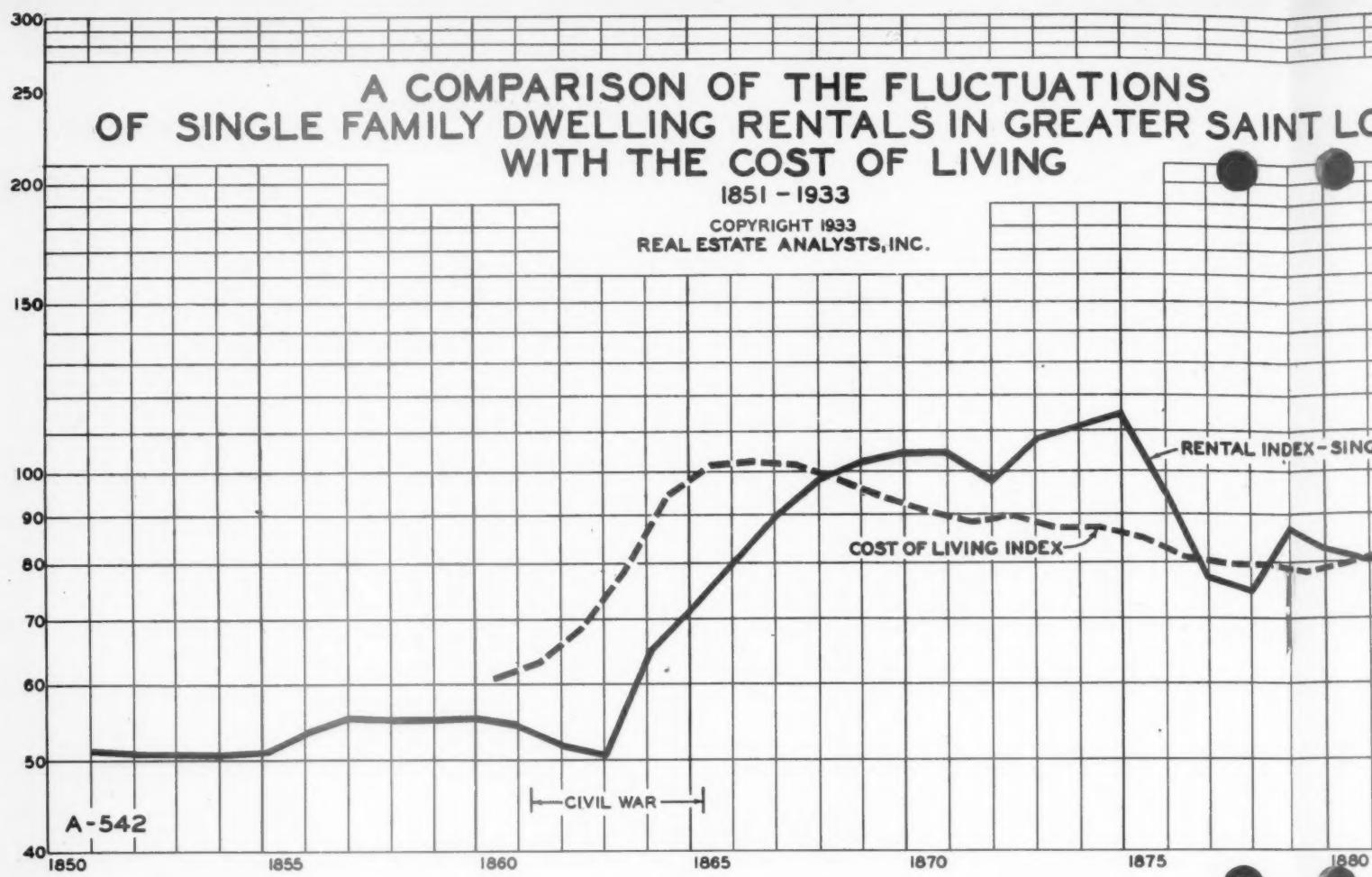
IV. The figures shown in the table below do not include the cost of the lot nor the sale commission on that part of the sale represented by the value of the lot. To find the total selling price of the house and lot, add 5 1/4% to the price of the lot and add the total to the building cost figure. There has undoubtedly been a variation over this period in the price for which a desirable lot could be bought.

The size of this building is quite deceiving. It contains 26,837 cubic feet, which exceeds the cubic content of the two-story single family building studied in the September issue by more than 4,000 cubic feet. (For methods of figuring cubic feet in a building, see page 86 in the November, 1932, issue of the REAL ESTATE ANALYST.) The cost per cubic foot is given in the table on page 127 in this issue. The cost of building this bungalow, year by year since 1913, is given in the table below.

Total cost of building the bungalow shown on the opposite page including financing, sales commission and profit, but exclusive of the site:

1933	\$6249	1926	\$9700	1919	\$8180
1932	6340	1925	10050	1918	7270
1931	6880	1924	9830	1917	6580
1930	7754	1923	9260	1916	5570
1929	8730	1922	8850	1915	5240
1928	9060	1921	8480	1914	5360
1927	9290	1920	10000	1913	5340





WHAT WILL HAPPEN TO RENTALS?

WILL rentals continue to decline, or will they start to recover in the near future? How high will they go in the next boom? In the answer to these questions rests the present and future value of real estate. The policy of every owner, manager or mortgage banker should be determined by his answer to these questions. Can they be answered, or must we depend on mere "hunch"?

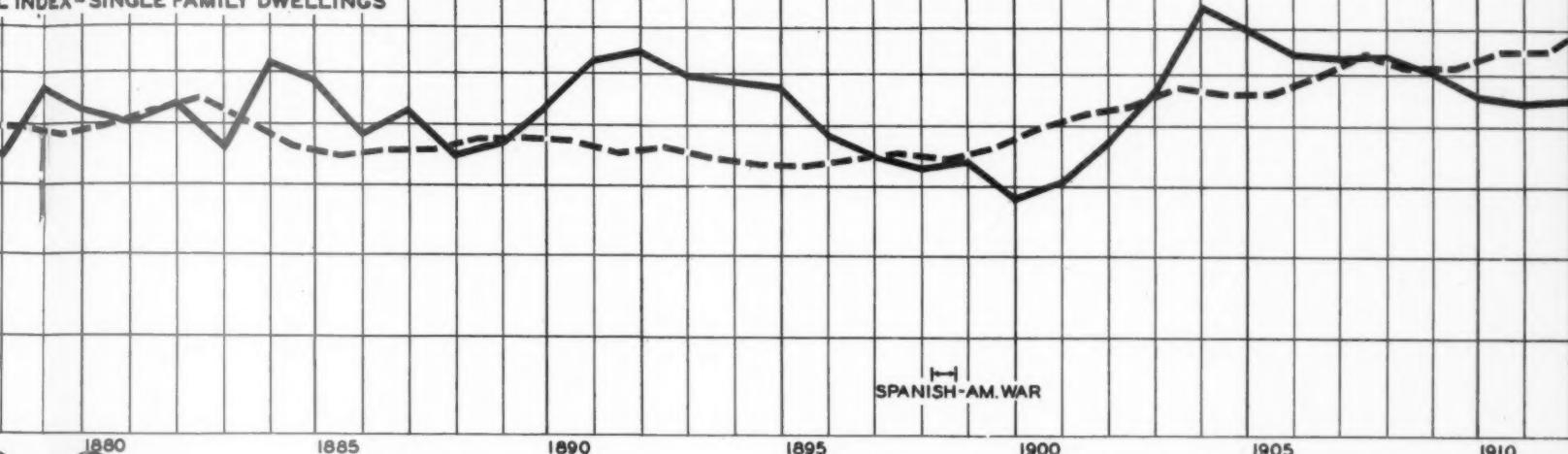
The purpose of the Real Estate Analyst is to analyze and measure causes and effects as they have operated in past cycles in an effort to find an intelligent basis for forecasting the future.

The chart above shows a new index of rental fluctuations of single family dwellings in Greater Saint Louis during the past eighty-three years. A similar index for apartment rentals is shown on page 129 in this issue.

Why have rentals fluctuated as they have during this period? We believe there are two principal reasons - one is the relationship of supply of living quarters to the demand for them and the other is the variation in the purchasing power of money. This variation is best shown in terms of what money will buy of things or service. An index designed to show this, known as a cost of living index, has been prepared for the period from 1860 to the present by the Statistical Department of the Second Federal Reserve Bank in New York City. This index is shown by the dotted line in the chart above. Its remarkable correspondence to the rental line is immediately apparent. The lag of from three to four years is due to the fact that non-liquid investments always react slower to price changes than do quick consumption goods or services. It will be noticed that the drop in apartment rents, shown on page 129, has been much more pronounced than the drop in single family dwelling rentals. This is undoubtedly due to the lack of any real over supply, even in these times, of single family quarters.

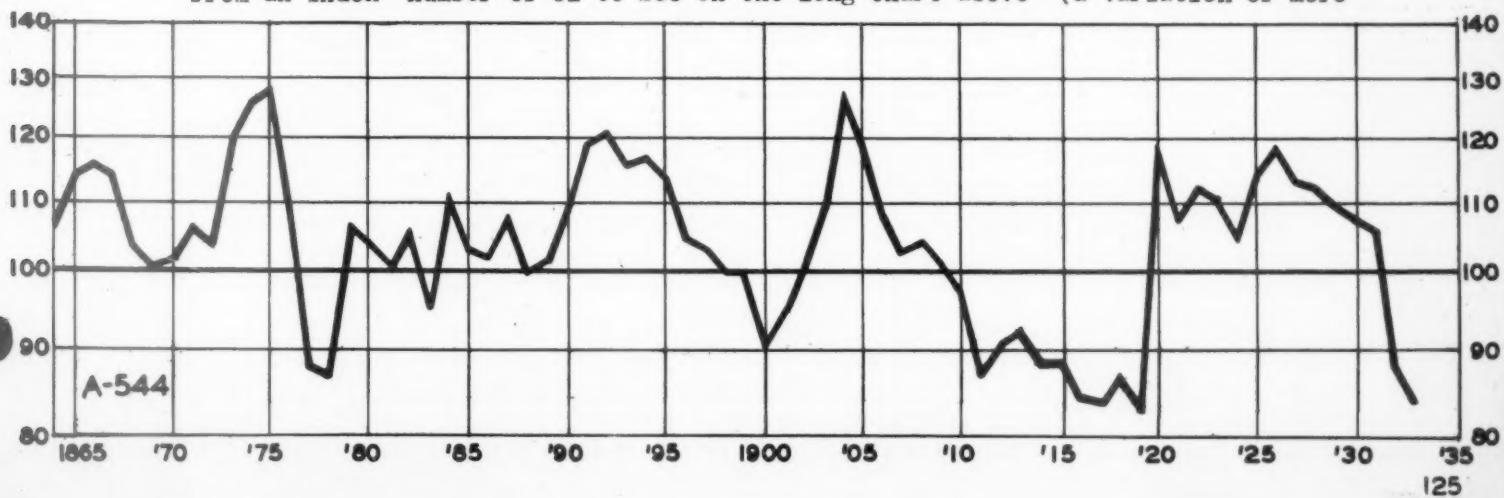
SAINT LOUIS

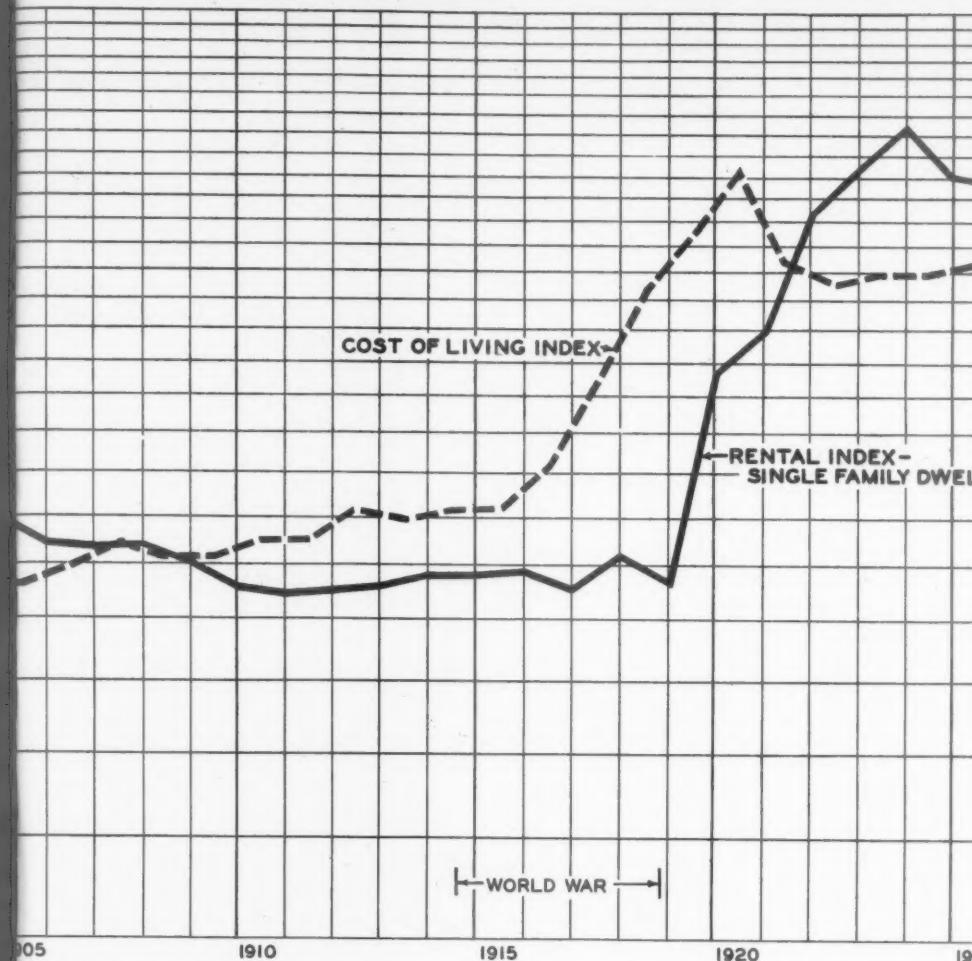
RENTAL INDEX-SINGLE FAMILY DWELLINGS



Our rental indexes were next adjusted, year by year, for the effect of changes in the cost of living (using a three-year lag). The small chart below shows the resulting rental fluctuations for Saint Louis, eliminating all fluctuations caused by these changes in the value of money. Hence, the fluctuations we have left are clearly due to the relationship of the supply of living quarters to the demand for them. If there is any doubt about this being the case, a comparison of this chart with the real estate activity chart on page 102 in the January, 1933, issue will prove quite convincing. This adjusted rental line reproduces, in a remarkable way, the general cycles of real estate activity and inactivity. The booms of the early Seventies, of the Nineties, of the early Nineteen Hundreds and of the Twenties, are well represented, as well as the depressions which followed in each case.

It is quite interesting to note that while rentals have fluctuated from an index number of 51 to 235 on the long chart above (a variation of more





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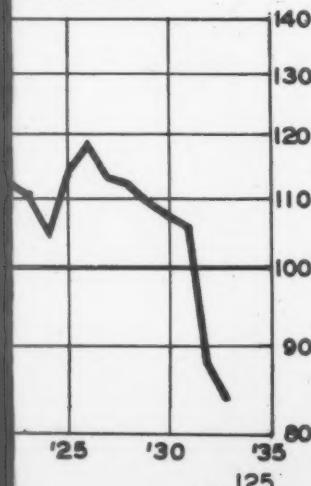
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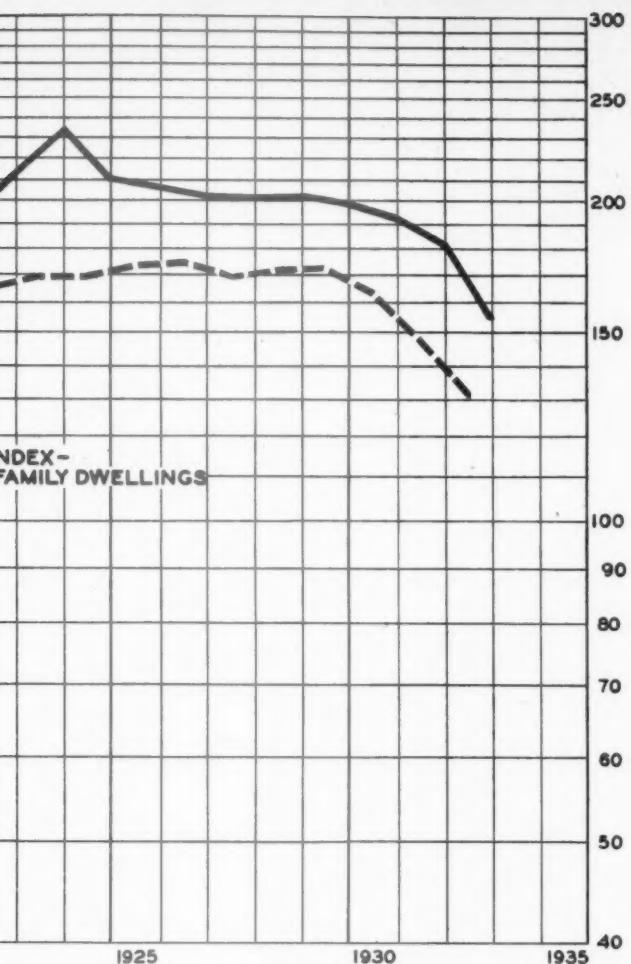
than 470%), most of that fluctuation
in the value of money, with not
demand as shown on the small chart
be studied separately, however,
they would be 39% below normal
family residence rentals only 6%

Our problem, then, of
resolves itself into several problems.
What is going to happen to the
costs, Inc., believe that if no
Congress, the cost of living will
believe, however, that there is
fication. Since, however, rental
ing, mild inflation will have no

Should mild inflation
slow gains in employment will in
without increasing the supply of
have a tendency to raise rental
and small for some period of time
hand and assume alarming proportions
rise faster than rentals. We can
open, as European examples of deflation
fresh in our minds.

The resumption of the
edly have some effect on certain
effect will not be as great as
of vacancies exist in other sectors
get very far above the general





at fluctuation has been due to the changes with not more than 54% due to supply and small chart. If apartment rentals were to however, it would be found that at present is normal on the small chart, with single is only 6% below.

then, of what is going to happen to rental several problems. The first of these is: on to the cost of living? Real Estate Anal- at if no inflationary measures are taken by living will decline further this year. We t there is a strong possibility of mild in- er, rentals lag changes in the cost of liv- ll have no immediate effect on rentals.

inflationary measures be taken by Congress, nt will increase demand for living quarters supply of them for some time. This would se rentals but the increases would be slow iod of time. Should inflation get out of g proportions, the cost of living would ls. We do not believe that this will hap- ples of disastrous inflation are still too

on of the manufacture of beer will undoubt- on certain areas of Saint Louis but this great as many expect. As long as thousands other sections of the city, rentals cannot e general average in any one section, as in

(continued on page 129)

CUBIC COST - MARCH, 1933

IN the tables below, present replacement costs per cubic foot are given with variations for the five types of construction studied in the REAL ESTATE ANALYST to date. All of these costs are based on cubic content determined in accordance with "The Standard Method of Determining Cubic Content of a Building" on page 86 in the November issue of the REAL ESTATE ANALYST.

It is not thought that any two builders could built the buildings described with identical costs. It is not, however, the cost of any one builder which determines the market, but the average experience of all. In preparing these figures this has been kept in mind and it is thought that they represent average costs of construction, competently supervised.

BUNGALOW, as shown and described on pages 122 and 123, including cost of financing and sales commission.....23.30¢

With hot air heat, subtract	.89¢
Without vitrolite wainscoting in the kitchen, subtract	.36¢
Without financing and sales commission, subtract	2.00¢

SINGLE FAMILY TWO-STORY RESIDENCE, as shown and described on pages 62 and 63, including cost of financing and sales commission.....23.72¢

With copper guttering, spouting and flashing, add	.25¢
With variegated slate roofing, add	1.00¢
With hot water heat, add	.89¢
Without tile walls in bath, subtract	.37¢
Without shower and with ordinary plumbing fixtures, subtract	.32¢
With ordinary millwork, subtract	.50¢
Without financing and sales commission, subtract	2.42¢

SPECULATIVE FOUR-FAMILY FLAT, as shown and described on pages 72 and 73, including cost of financing and sales commission but excluding front and rear porches, which should be figured separately.....20.18¢

With copper guttering, spouting and flashing, add	.09¢
With steam heat, add	.50¢
With tile walls in baths, add	.57¢
With showers in baths, add	.13¢
With first class plumbing fixtures, add	.58¢
With first grade roofing, add	.11¢
Without financing and sales commission, subtract	1.72¢

Cost of front and rear porches at present - \$450.00

EIGHTEEN-FAMILY MASONRY APARTMENT, as shown and described on pages 82 and 83, including cost of financing and sales commission.....29.68¢

With electrical refrigeration, add	1.11¢
With gas stoves, add	.24¢
With beds, add	.12¢
With iron rear porches and steps, add	1.20¢
Without financing or sales commission, subtract	2.48¢

THIRTY-FAMILY REINFORCED CONCRETE APARTMENT, as shown and described on pages 92 and 93, including cost of financing and sales commission.....35.91¢

With electrical refrigeration, add	1.00¢
With gas stoves, add	.16¢
With beds, add	.11¢
With iron rear porches and steps, add	1.18¢
Without financing or sales commission, subtract	2.97¢

**AVERAGE RENTALS OF FOUR, FIVE AND SIX ROOM SINGLE FAMILY RESIDENCES
IN GREATER SAINT LOUIS - 1851 TO 1933**

THE table below shows an index of rentals in Saint Louis of four, five and six room single family residences from 1851 to the present. Prior to 1871, the figures are computed from data compiled by the United States Census and published in 1886. From 1871 to the present, the figures given are "asking rentals" taken from the classified advertisements in the newspapers. They are undoubtedly higher than actual rentals during periods of depression like the present, when concessions are frequently given.

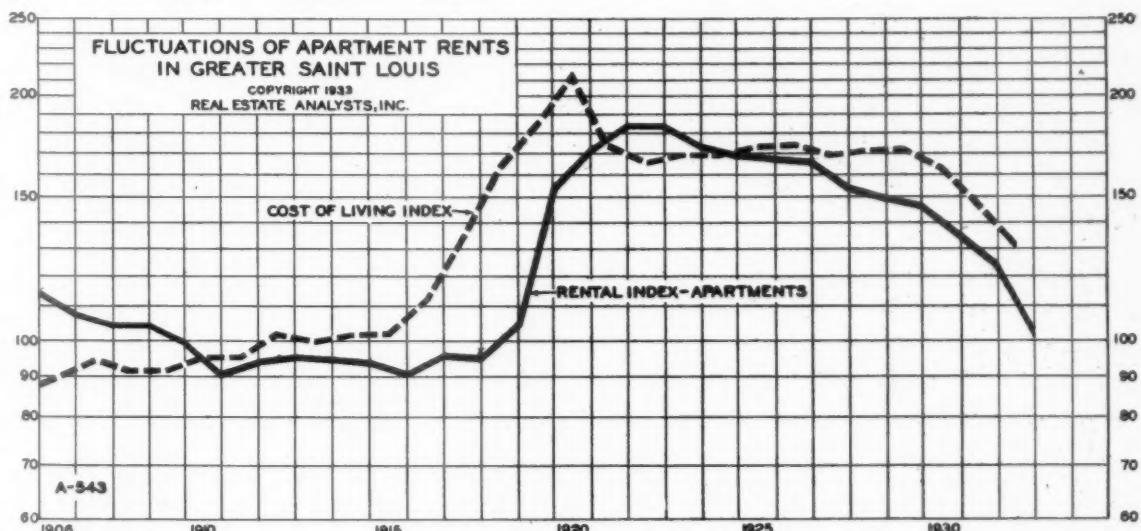
YEAR	4 ROOM	5 ROOM	6 ROOM	YEAR	4 ROOM	5 ROOM	6 ROOM
1851	\$9.00		\$14.00	1891	\$15.00	\$18.00	\$23.50
1852	9.00		14.00	1892	15.25	18.50	23.50
1853	9.00		14.25	1893	14.25	17.50	22.00
1854	9.00		14.25	1894	13.75	17.00	21.50
1855	9.50		14.50	1895	13.75	16.75	21.30
1856	9.75		14.50	1896	12.40	15.00	19.20
1857	10.00		14.50	1897	12.00	14.50	20.00
1858	10.00		14.50	1898	11.50	15.00	19.40
1859	10.00		14.50	1899	12.00	14.60	20.00
1860	10.00		14.75	1900	10.75	13.00	18.20
1861	9.75		14.50	1901	11.25	14.00	19.40
1862	9.75		13.50	1902	12.50	15.25	20.30
1863	10.00		13.00	1903	14.00	17.25	23.20
1864	12.50		15.00	1904	16.50	19.30	27.50
1865	15.00		18.50	1905	16.25	18.25	26.00
1866	16.50		20.50	1906	15.00	17.50	24.50
1867	18.00		23.00	1907	15.00	17.50	24.00
1868	18.00		25.00	1908	15.25	17.75	24.00
1869	18.00		26.00	1909	14.75	17.00	23.00
1870	18.00		27.00	1910	14.00	16.25	21.75
1871	18.25	\$18.75	27.00	1911	13.75	16.00	21.00
1872	17.00	17.75	25.00	1912	14.00	16.50	21.20
1873	18.50	19.50	28.50	1913	14.00	16.50	21.30
1874	19.25	20.00	29.00	1914	14.50	17.00	21.50
1875	19.75	20.50	29.50	1915	14.50	17.00	21.50
1876	16.75	16.50	20.50	1916	14.75	17.50	21.50
1877	13.50	14.25	19.70	1917	14.75	17.00	20.75
1878	12.75	13.65	22.75	1918	15.25	18.25	21.75
1879	15.00	15.75	21.75	1919	15.00	17.75	20.75
1880	14.00	15.00	22.50	1920	23.00	27.50	32.00
1881	13.50	14.75	23.50	1921	25.00	30.00	34.50
1882	14.00	15.50	23.50	1922	32.00	39.00	44.40
1883	13.00	14.25	23.50	1923	36.00	47.00	49.50
1884	15.00	18.00	22.50	1924	39.50	48.50	53.50
1885	14.75	17.50	22.00	1925	35.50	47.00	47.50
1886	13.00	15.75	19.20	1926	35.00	45.00	46.00
1887	13.50	16.00	20.00	1927	34.00	43.00	45.00
1888	12.50	15.00	18.75	1928	34.00	42.00	44.50
1889	12.75	15.25	19.00	1929	34.00	42.50	44.50
1890	13.50	16.25	20.50	1930	34.00	41.75	43.00
				1931	32.50	40.00	41.00
				1932	31.00	38.50	39.00
				1933	26.50	32.50	33.00

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The REAL ESTATE ANALYST is published monthly by Real Estate Analysts, Inc., Saint Louis, a statistical, analytical and appraisal organization specializing in the application of real estate economics and fundamentals to specific problems. It is not engaged in financing, management or brokerage of real estate.

**AVERAGE RENTALS OF FOUR, FIVE AND SIX ROOM APARTMENTS
IN GREATER SAINT LOUIS - 1906 TO 1933**

YEAR	4 ROOM	5 ROOM	6 ROOM	YEAR	4 ROOM	5 ROOM	6 ROOM
1906	\$47.00	\$50.00	\$59.50	1921	\$68.00	\$76.00	\$92.00
1907	43.00	47.00	56.00	1922	72.50	82.00	99.00
1908	41.00	46.00	54.50	1923	72.00	81.00	98.50
1909	41.00	46.00	54.50	1924	69.00	78.00	95.00
1910	39.00	44.00	52.50	1925	68.00	78.00	92.50
1911	36.00	40.00	48.50	1926	67.00	77.00	92.00
1912	37.00	41.50	49.50	1927	66.00	77.00	91.00
1913	37.50	42.00	50.00	1928	65.00	73.00	85.00
1914	37.50	42.00	50.00	1929	61.00	72.00	82.00
1915	37.50	42.50	50.00	1930	59.00	70.00	81.00
1916	37.50	40.00	48.00	1931	55.00	65.00	76.00
1917	38.00	42.50	51.00	1932	50.00	56.00	69.00
1918	38.00	43.00	51.00	1933	41.00	45.00	57.00
1919	42.00	48.00	56.00				
1920	53.00	70.00	82.50				



the last analysis, all buildings in comparable economic levels are in competition.

In conclusion, our general impressions at the present time about the future of rentals are as follows:

I. Our charts clearly show that in the post Civil War boom and the post World War boom rentals were high because of increases in the cost of living (starting several years before) and because of a shortage of acceptable homes. The over supply of living quarters on the market today, many of them below acceptable standards but temporarily attractive because of low rentals, will remain high during all of 1933. This would tend to keep rentals low. Coupled with this we have the fact that the cost of living is still declining. There seems little hope, therefore, that rentals can hold even their present low levels during the balance of 1933.

II. The decline will be less rapid as the year progresses unless fresh shocks retard business still further.

III. Mild inflation will halt the drop in the cost of living but because of the long lag, clearly apparent in our studies, we do not believe that it will have any immediate effect on rentals.

IV. Extreme inflation, while not likely, should it come, would cause the cost of living to advance rapidly, followed later by a rise in rentals.

V. Suspension of the gold standard, unless followed by inflation, will have little effect on rentals during 1933.



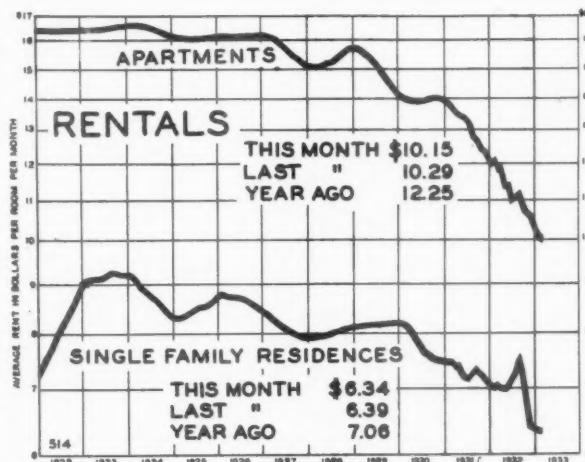
APARTMENT RENTALS:

Drop during month of..... 1.4%
Drop in last 12 months of..... 17.1%
Drop from the peak in 1922 of.... 40.0%

SINGLE FAMILY RESIDENCE RENTALS:

Drop during month of..... 0.8%
Drop in last 12 months of..... 9.6%
Drop from the peak in 1924 of.... 31.1%

THE foreclosure level is staying close to the high levels established in the last quarter of last year. There is no immediate relief in sight. The number of trustee advertisements now running would seem to indicate that March will show no drop with the strong possibility of an increase. We believe that of all of the barometers of interest to the real estate man, the one of the greatest present significance is the number of foreclosures. No recovery is possible as long as it maintains its record height.



DURING the past three months, marriages have shown a slight upturn. We do not believe this is significant or that the turn in this line has yet come. As long as business conditions continue as they are, few have the temerity to take on new obligations. We are quite confident of a very rapid increase in marriages as soon as conditions improve materially. We are now short more than 19,250 marriages since the "marriage depression" started. During the month, marriages dissolved by death or divorce exceeded new marriages by 246.

DURING the past four months, new residential construction provided for in all building permits in Saint Louis will accommodate 46 families. The totals by months are: November, 14; December, 7; January, 8; and February, 17. During the latter part of 1918 and the first part of 1919, new building went still lower, providing only 72 dwelling quarters in eight months. With this single exception, residential building is proceeding at a lower level than it has at any time since 1878, the last year of the long depression of the seventies.

